

City of Mesa

Strategic Budget Discussion

February 21, 2013

Presented by the Office of Management and Budget



Discussion Outline

- Property Tax Update
- Revenue Forecast
- Expenditure Trends
- Pending Legislation
- Next Steps

Property Tax Update

Secondary Assessed Valuations

- 2010/11: \$4,094,037,000 (-13.8%)
- 2011/12: \$3,164,277,000 (-22.7%)
- 2012/13: \$2,770,422,000 (-12.4%)
- 2013/14: \$2,559,634,000 (-7.6%)

Existing Average Secondary Property Tax Levy

Levy

- 2012/13 Rate = \$0.5104

\$122,492 Avg. Assess. @ \$0.5104 = \$62.52

- Base 2013/14 Rate = \$0.5525

\$113,158 Avg. Assess. @ \$0.5525 = \$62.52

Average Impact

(\$0.00)

Adjust Secondary Property Tax Levy for 2012 Parks Bonds

Levy

- Base 2013/14 Rate = \$0.5525
\$113,158 Avg. Assess. @ \$0.5525 = \$62.52
- Parks Bonds 2013/14 Rate = \$0.2227
\$113,158 Avg. Assess. @ \$0.2227 = \$25.20
- Total 2013/14 Rate = \$0.7752
\$113,158 Avg. Assess. @ \$0.7752 = \$87.72

Revenue Forecast

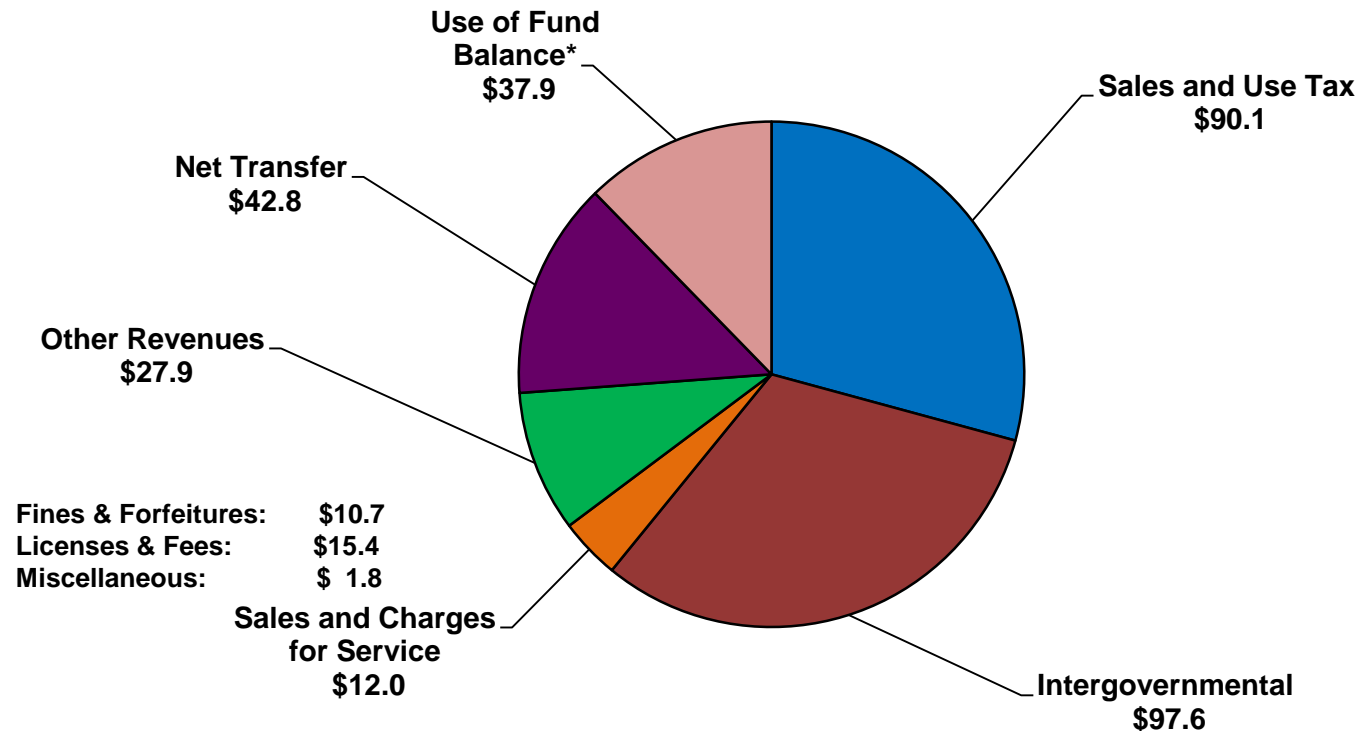
FY13/14 General Fund Outlook

- FY 11/12 ending fund balance came in as projected, no additional savings experienced
- Economic recovery is anticipated to be long and slow

General Fund

FY 2012/13 Available Resources

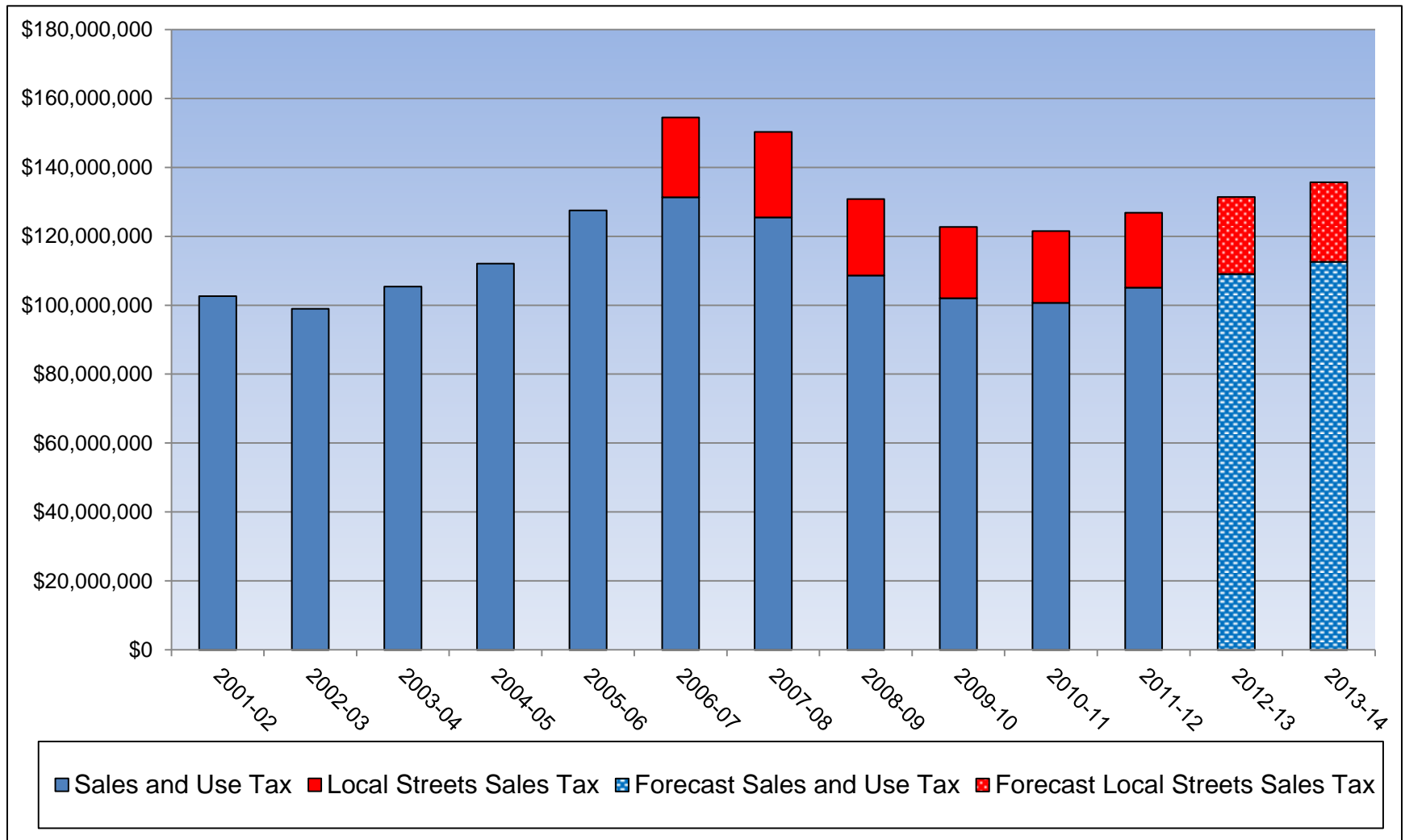
\$308.3M*



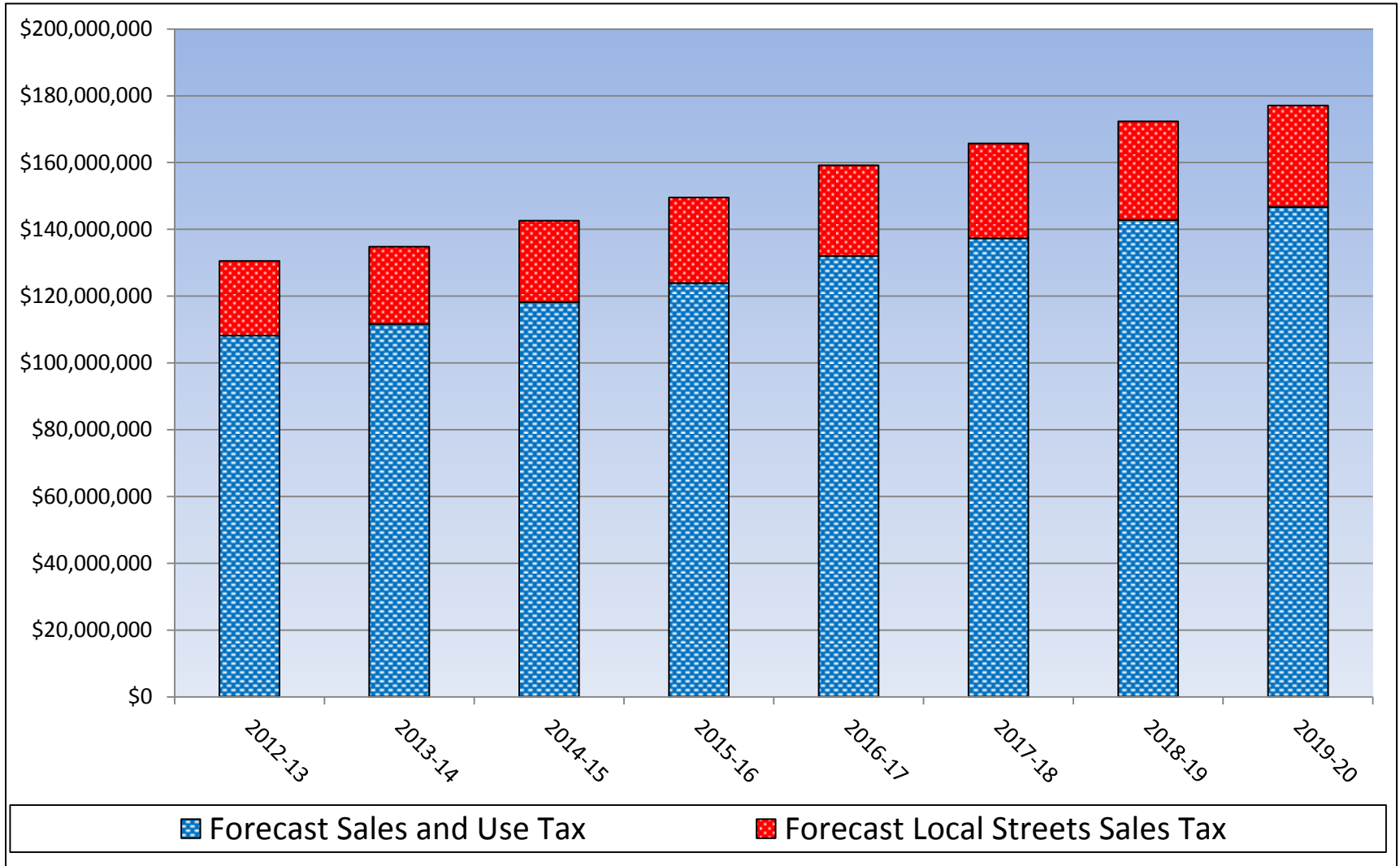
*Excludes General Fund Carryover of \$6.1M

Dollars in millions

City Sales Tax

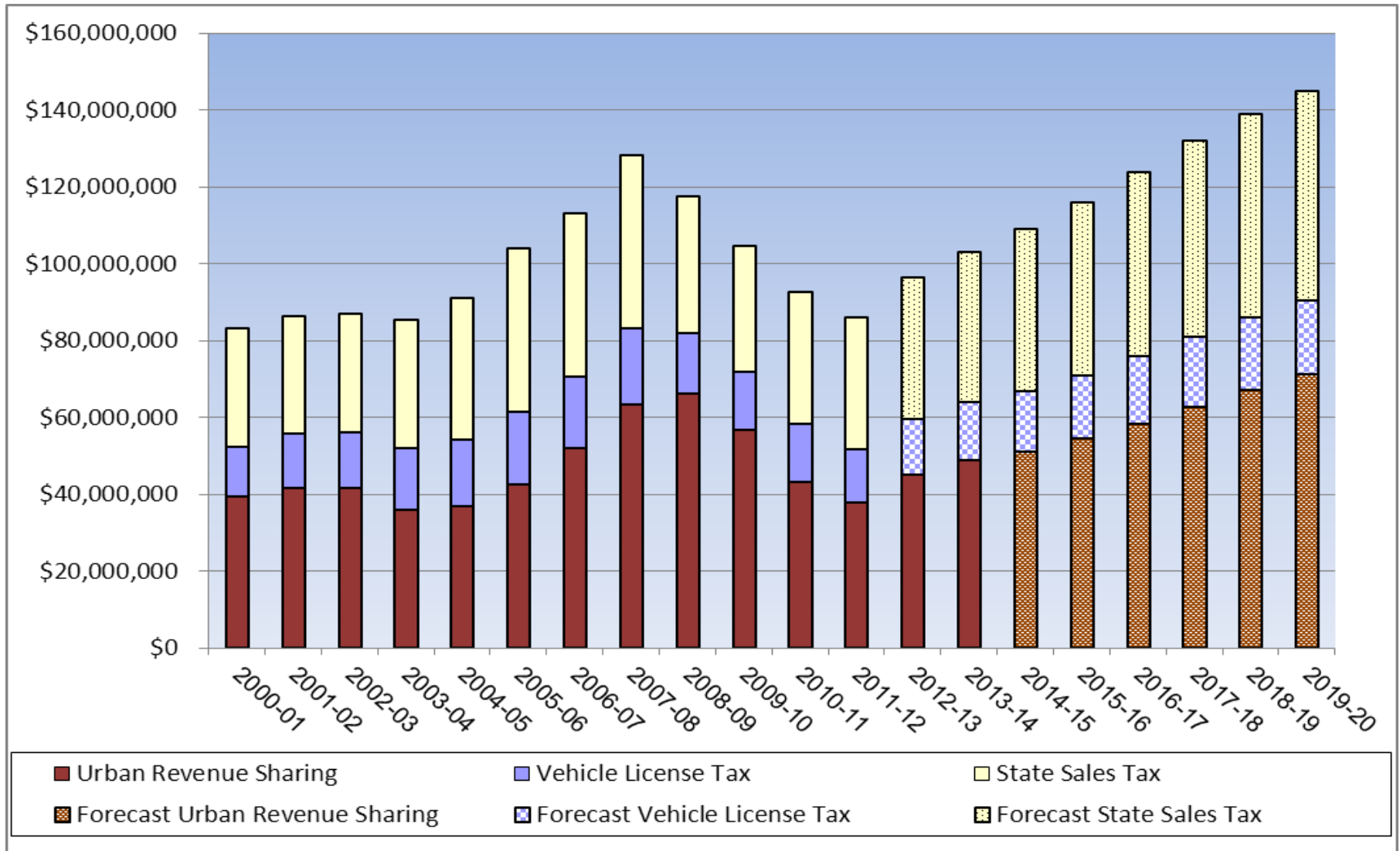


City Sales Tax Forecast

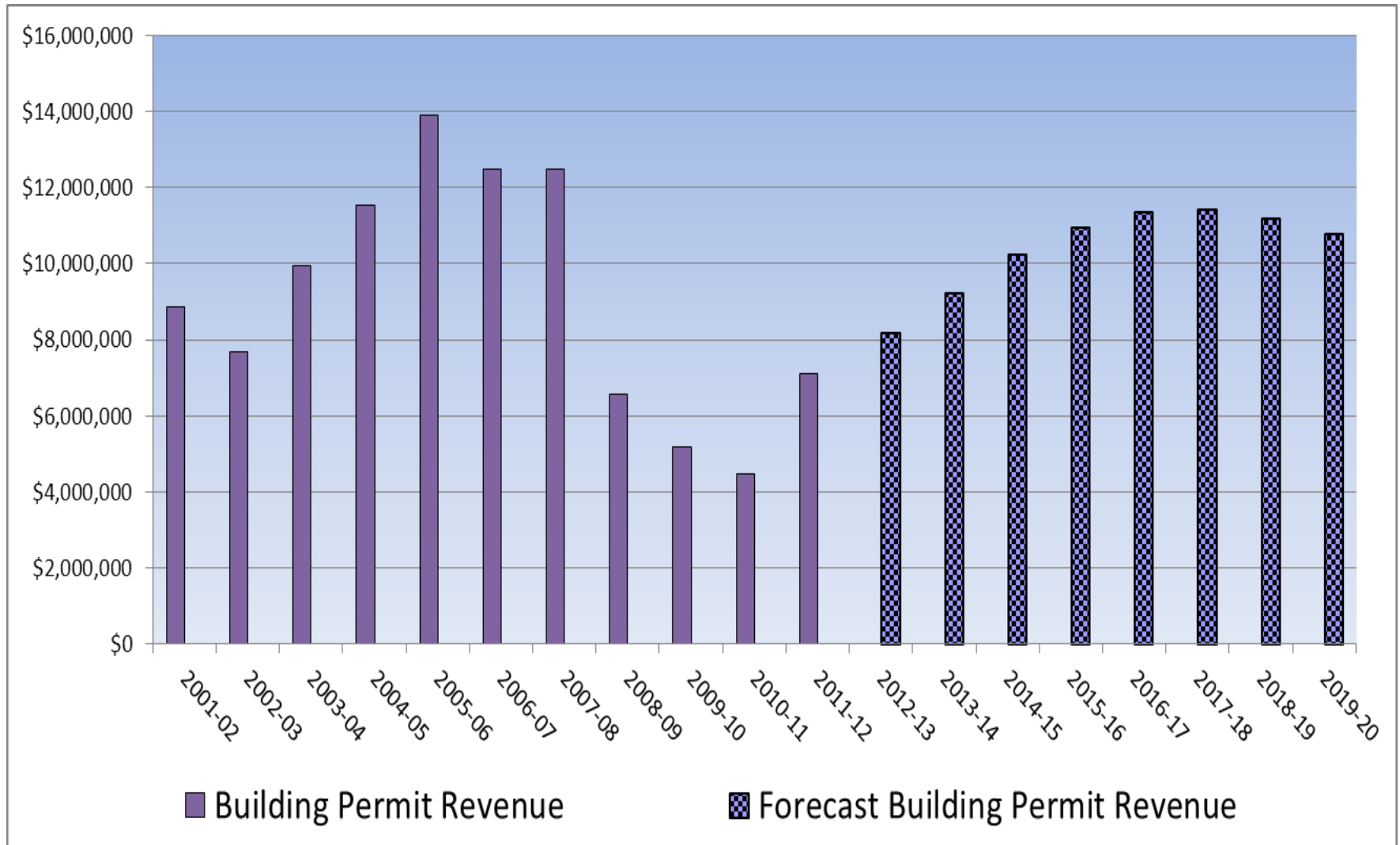


State Shared Revenues

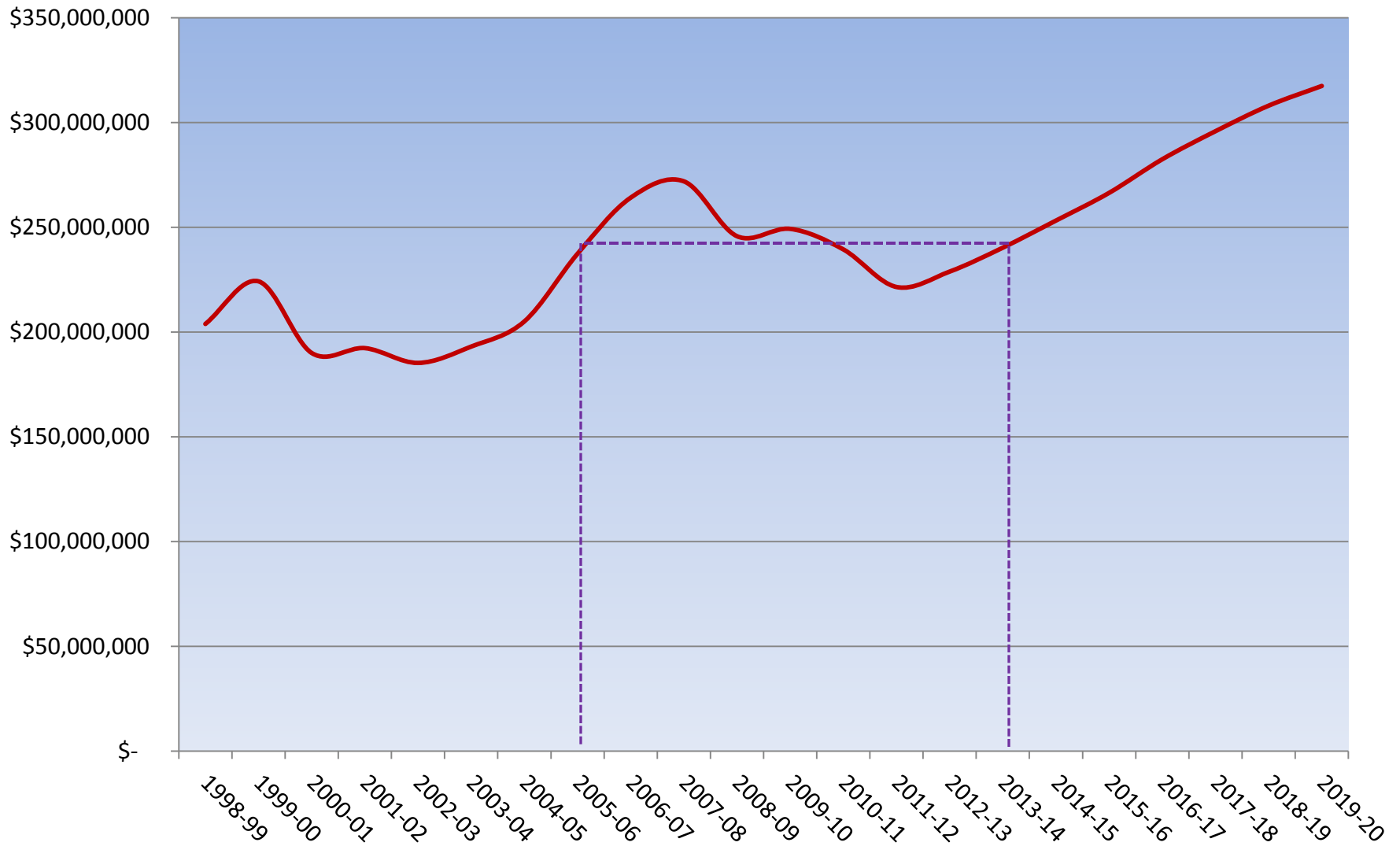
Urban Revenue Sharing | Vehicle License Tax | State Sales Tax



Building Permit Revenue



Total General Fund Revenues

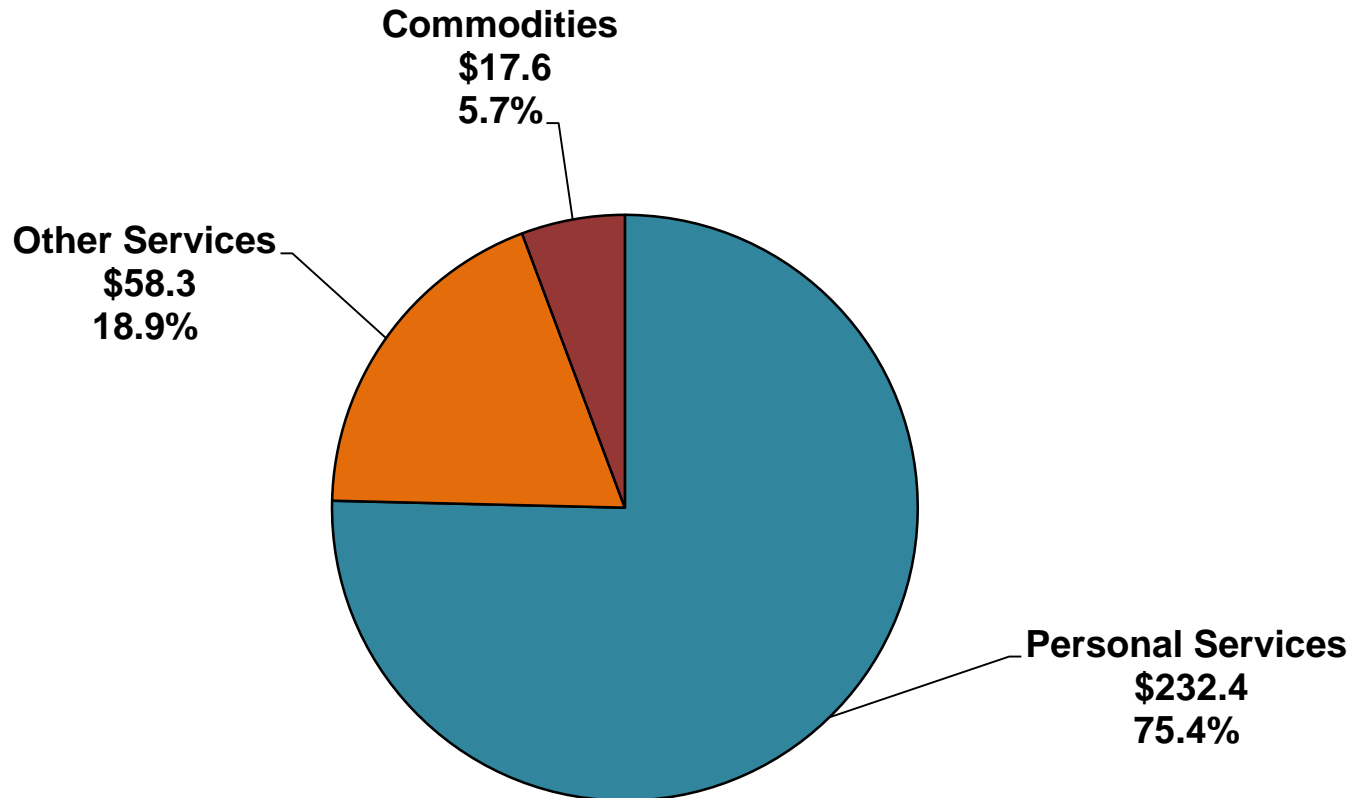


Note: Numbers do not include grants or

— Revenues

Expenditure Trends

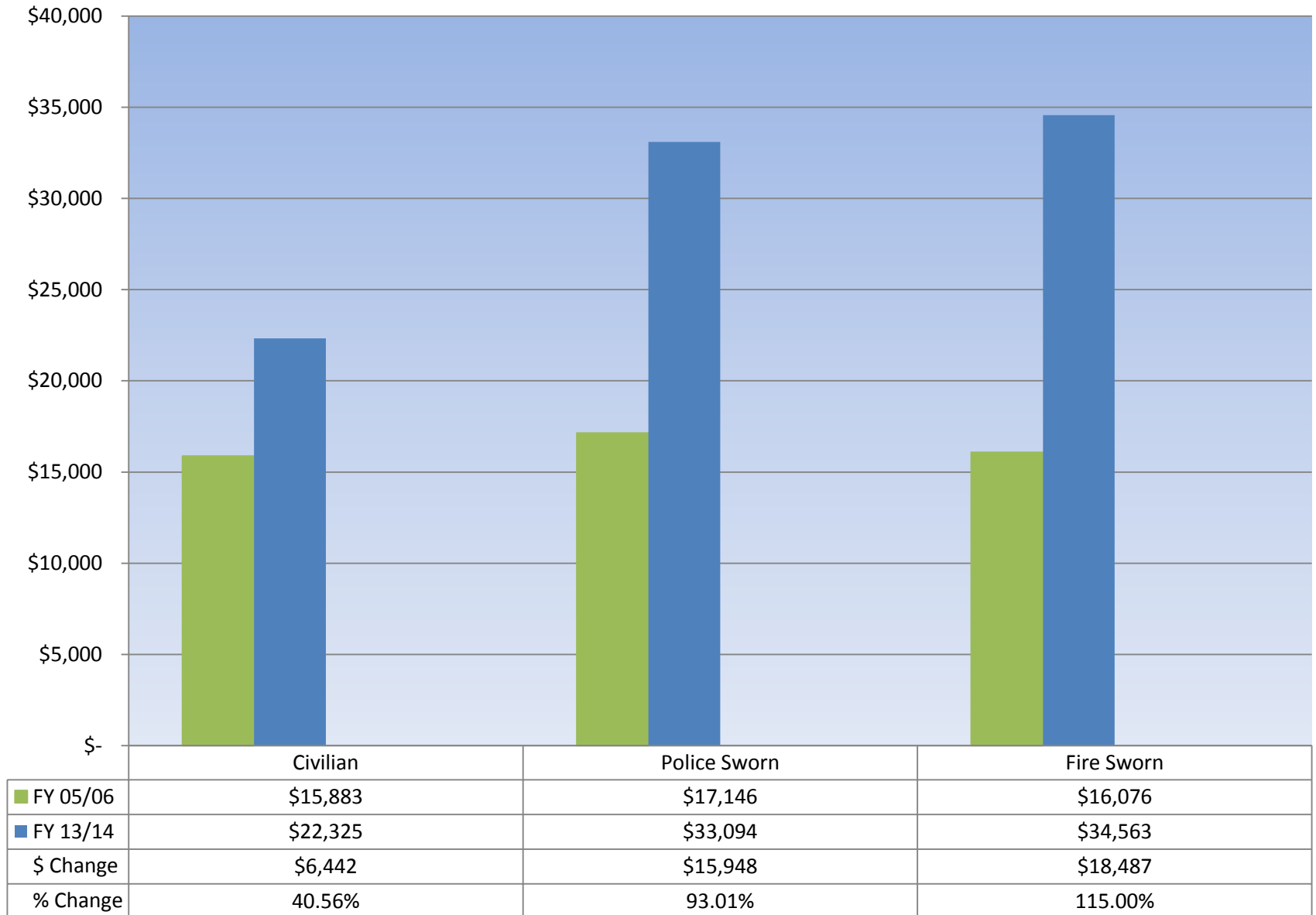
General Fund* by Expenditure Category FY 2012/13 Budget \$308.3M*



* Excludes General Fund Carryover of \$6.1M

Dollars in millions

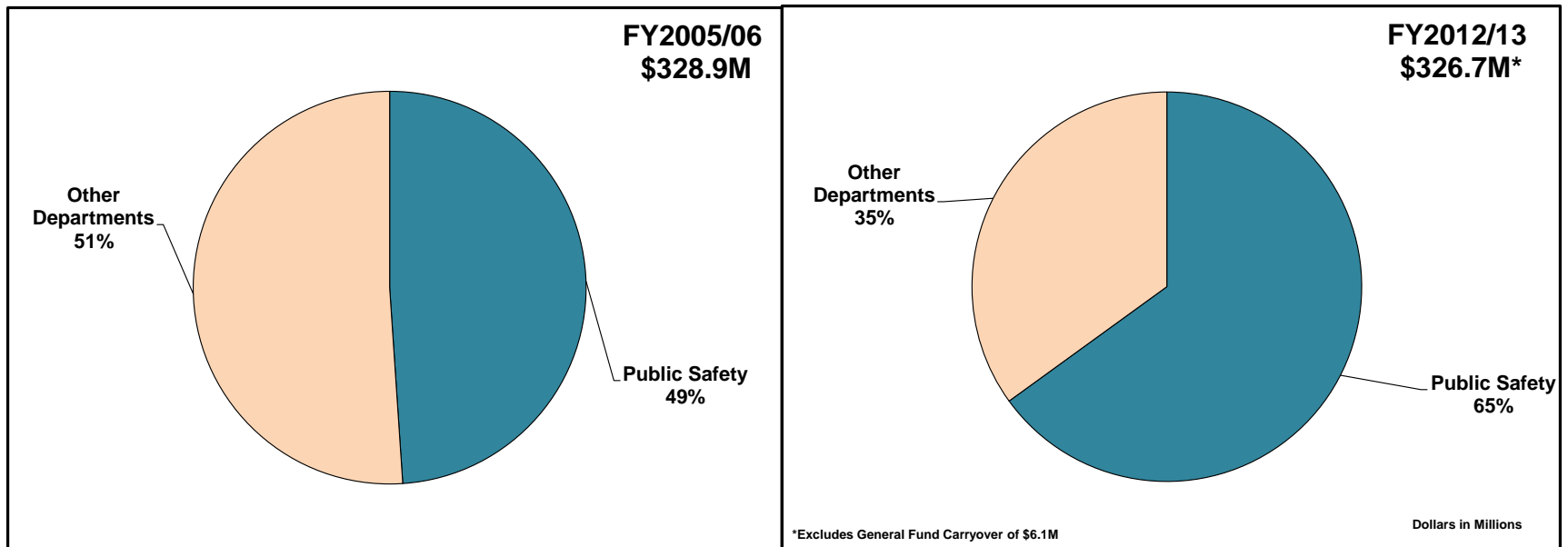
FY 05/06 to FY 13/14 Benefit Costs of a \$50,000 Position



Public Safety Budget Comparison

General Fund and Quality of Life

FY2005/06 vs. FY2012/13



Personnel General Fund Pressures

	<u>FY13/14</u>
Arizona State Retirement System (ASRS)	\$ 299,000
Public Safety Personnel Retirement System (PSPRS)	
Fire Employees	\$ 888,000
Police Employees	\$ 1,677,000
Expiration of COPS grant – partial funding of 25 Police Officers	\$ 1,800,000
City Contribution for Medical Premiums	\$ 1,390,000

Other General Fund Pressures

	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>
Parks Bond Package Operations & Maintenance	\$ 627,000	\$ 267,000	\$ 562,000	\$ 811,000
Central Mesa Light Rail Extension Operations & Maintenance		\$ 3,319,000	\$ 2,370,000	

General Fund Impact

- Anticipated available resources for FY 13/14 are not sufficient for anticipated needs
- Current projected budget shortfall is between \$8M – \$9M
- Salary adjustments have not been included in the forecast

Pending Legislation

Senate Bill (SB) 1028

- Taxes on Commercial Leases
 - All businesses with shared ownership are exempt from commercial lease tax
 - Estimated loss of \$1.3 to \$1.5 million for Mesa
 - Not included in forecast

House Bill (HB) 2657

- Transaction Privilege Tax Task Force
 - Currently contracting sales tax is collected by the respective municipality based on the value of the development
 - Shifts tax from location of development to materials purchase point of sale - estimated impact \$8M - \$10M
 - Requires State to be the sole point on reporting and collecting of all sales tax - estimated impact \$4M
 - Requires State to be the sole point of audits and enforcement – estimated impact \$2M

Next Steps

Where do we go from here?

- Staff continues to watch sales tax revenues and other economic indicators
- The Employee Benefit Trust Fund is healthy and staff will be reviewing the potential to reduce future scheduled contributions
- The City will continue to innovate and seek out process efficiencies in both service delivery to residents as well as internal processes
- Staff will update the City Council throughout the budget process

City of Mesa Priorities Continue

- **Vision**

- To be the employer and community of choice

- **Mission**

- We are dedicated to providing superior services to our customers in order to improve the quality of life for Mesa residents, businesses and visitors

- **Strategic Initiatives**



FY13/14 Budget Calendar

April	<ul style="list-style-type: none">• Audit, Finance and Enterprise Committee reviews utility rates and fees & charges• City Council reviews utility rates and fees & charges• Department budget overviews to City Council
May	<ul style="list-style-type: none">• Preliminary Executive Budget and Capital Improvement Plan submitted to Council
June 3	<ul style="list-style-type: none">• Council adopts the FY13/14 Tentative Budget
June 17	<ul style="list-style-type: none">• Public Hearing on Final Budget, Capital Improvement Plan, and utility rate adjustments• Council adopts Final Budget, Capital Improvement Program, and utility rate adjustments
July 1	<ul style="list-style-type: none">• Council adopts Secondary Property Tax levy

